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No. 79/16

January 18, 1979

TO COUNTY ASSESSORS:

INCLUSION OF SALES TAX IN VALUE COMPUTATIONS FOR
EQUIPMENT LEASED TO FEDERAL INSTRUMENTALITIES

In assessors' letter number 78/32, we indicated that recent court decisions precluded the use of sales tax when computing the value of equipment leased to federal instrumentalities. In assessors' letter number 78/50, we listed the agencies affected by these rulings.

Senate Bill 472, Chapter 1211, became effective January 1, 1979 and provides in part that leases of tangible personal property to the United States or its agencies and instrumentalities are subject to sales tax. The sales tax liability is on the lessor and is to be measured by the rentals payable.

This statute counteracts the prior court cases and applies to all leases existing on or after January 1, 1979. Sales tax shall be included as a consideration in valuing equipment leased to the United States and its instrumentalities for the 1979 and subsequent lien dates.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

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